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**JWOD:**

**Is It the Right Thing To Do?**

by

Sheryl Kennerly, MSW

Committee for Purchase from People Who Are Blind or Severely Disabled

with contributions by

Zelda Langdale and Lisa Ward,

NISH

**THE PENDULUM SWINGS**

Organizational and cultural change is a fact of life for today's acquisition professionals. In a profession, that has come from the extreme of strict regulations and procedures, now it seems many of the old rules do not apply. The newfound freedom of acquisition reform can be quite heady and exciting. However, after the initial swing of the pendulum from one extreme toward the other, many people are stopping to catch their breath and consider consequences, measure outcomes, and debate policies. No one wants to stop the positive reforms that have created a more responsive, effective procurement environment. Yet, as public servants entrusted with responsible use of taxpayer funds, it is incumbent upon us to remember the role of procurement policy in the overall Federal mission.

Like all Federal programs, the Javits-Wagner-O'Day (JWOD) Program is experiencing major cultural and organizational changes in the procurement environment to which it is inextricably linked. It is also embracing reform efforts initiated by the recent amendments to the Rehabilitation Act of 1973, the National Performance Review, the Federal Acquisition Streamlining Act of 1994, and the Government Performance and Results Act of 1993. JWOD is re-examining its role as a Federal agency, as a procurement program, and as a disability program and is making changes to improve and to adapt to the new realities in each of these diverse communities.

In this process, the JWOD Program is emerging as a procurement source that works well with the best acquisition reform initiatives. In fact, acquisition professionals find that, when it comes to buying JWOD, it is easy to do the right thing to meet their customers' needs, comply with the public law, meet environmental procurement guidelines, and help provide jobs for more than 33,000 people who are blind or have other severe disabilities. This paper examines the

continued role of a socioeconomic program such as JWOD in today's world of reformed acquisition, improved Federal service and renewed commitment to improving opportunities for people with disabilities to fully participate in society. Preliminary evidence is presented that confirms the value of such a unique procurement program in the larger Federal policy arena.

## **WHAT IS JWOD?**

A creative Federal procurement program. The JWOD Program is a creative Federal procurement program, authorized by the Javits-Wagner-O'Day Act (P.L. 92-28), that for over 60 years has leveraged the purchasing power of the Federal government to help address the employment needs of people who are blind or have other severe disabilities. Through the JWOD Program, Federal organizations buy needed supplies and services from community-based nonprofit organizations that employ people with disabilities for at least 75% of their direct labor on both government and commercial contracts. The JWOD Program was established to assist Americans who are blind or have other severe disabilities clear employment hurdles and break through attitudinal barriers that prevent access to job opportunities.

Tragic waste of human potential. People who are blind and individuals who have other severe disabilities have the highest unemployment rate of any group of Americans. Even with passage of the Americans With Disabilities Act (ADA) in 1990, a recent nationwide survey of Americans with disabilities shows that members of this population still suffer a deplorable 71% unemployment rate and 72% of those who are unemployed say that they would prefer to work (Louis Harris and Associates, Inc., 1998). This figure represents a tragic waste of human potential.

Public-private partnership. A unique aspect of the JWOD Program involves relationships formed with local, community-based organizations. Through this public-private partnership, people who are blind or have other severe disabilities have a chance to display their abilities in the workforce. They secure jobs whereby they produce a wide range of high quality goods and services delivered on-time and at reasonable prices for the government.

Under the authority of the JWOD Act, there are three organizations that work, often behind the scenes, to help nonprofit agencies provide supplies and services to the government. Their efforts generate a wide range of vocational opportunities for people who are blind or have other severe disabilities, and, whenever possible, prepare them to engage in competitive employment. These three organizations are the Committee for Purchase From People Who Are Blind or Severely Disabled (the "Committee"), National Industries for the Blind (NIB) and NISH (serving people with other severe disabilities).

The Federal agency. The Committee for Purchase From People Who Are Blind or Severely Disabled (Committee) is a small, independent Federal agency led by a presidentially-

appointed Committee of fifteen senior Federal agency procurement officials and representatives of the population served who are responsible for overseeing implementation of the JWOD mission. Members of the Committee represent such Federal agencies as the Department of Defense (DoD), General Services Administration (GSA), the Department of Agriculture (USDA), the Department of Veterans Affairs (VA), and the Department of Labor (DOL). In addition, there are representatives of the Army, Navy and Air Force, and the Departments of Commerce, Education, Justice, and Labor. Four private citizens who are advocates for the employment concerns of persons with disabilities round out the Committee membership. This mix of leadership creates a Committee that is a model for integration of private citizens, civil servants and military personnel.

Central nonprofit agencies. The central nonprofit agencies, NIB and NISH, are designed to ensure the success of local nonprofits employing people who are blind or have other severe disabilities. Through its partnership with NIB, NISH and local nonprofit organizations (also known as community rehabilitation programs), the JWOD program marries the private and public sectors and is truly an example of government at its best. NIB and NISH provide comprehensive technical assistance to qualified state and private nonprofit agencies that employ people with disabilities on JWOD contracts. Currently, NIB is associated with 81 such agencies that employ individuals who are blind, while NISH works with 542 producing nonprofit agencies that employ people with a wide range of severe disabilities. Services provided by NIB and NISH are invaluable to the organizations they serve. Areas of assistance available include start-up capital, Federal procurement regulatory assistance, training, business management, and contract administration. The list goes on and on.

## **WHAT DO PEOPLE WITH DISABILITIES HAVE TO DO WITH ACQUISITION REFORM?**

Acquisition partnerships. The JWOD/NIB/NISH partnership allows Federal agencies to execute acquisition innovations that illustrate the best elements of acquisition reform and the JWOD Program's success: identifying a problem facing the Federal government; developing a fresh, innovative solution; and building a synergistic team to address the challenge. These innovations represent procurement in its finest hour ... stretching beyond red-tape boundaries to meet the needs of Americans who have severe disabilities.

Impact of JWOD on acquisition reform. The impact of the JWOD Program can be seen

in acquisition reform initiatives. The JWOD Program represents a hallmark of American ingenuity and success by pulling together the elements of creativity, innovation, and teamwork in the drive to meet the needs of the Federal government and its citizens. The government benefits through high quality JWOD supplies and services delivered in a timely manner and at fair market prices. Federal agencies save on contract rebidding and related administration costs.

JWOD products. The list of products that JWOD participants furnish is exhaustive: over 4000 items, many bearing the familiar SKILCRAFT® brand name. The products range from military specific items, such as uniforms, tents and canteens to office supplies, such as pens, pencils, paperclips and recycled paper products. They produce medical supplies, such as prescription bottles, bandages and first aid kits; environmentally friendly cleaning solutions and much, much more.

Steady decline in product sales. Yet, in the manufacturing arena, sales for general use and office supply products, that are produced predominantly by agencies associated with NIB, have steadily declined for the last 3 years due to reductions in government personnel using JWOD products, expanded access to commercial markets that do not sell JWOD products, and increased numbers of non-acquisition personnel not aware of the JWOD Program using purchase cards to buy products that are essentially the same as those produced by JWOD employees. These impacts of acquisition reform have negatively impacted employment opportunities especially for people who are blind working on manufacturing contracts.

Increases in JWOD services. The services available under the JWOD Program continue to grow in this acquisition reform environment. Traditionally JWOD has offered groundskeeping, janitorial/custodial, laundry and food services to Federal customers. The demand for additional services has grown due to Federal “downsizing,” reductions in force and overall restructuring. Agencies burdened with increased work must now accomplish their missions with a shrinking staff. The JWOD Program has stepped in to provide temporary administrative services, warehouse distribution, operation of supply centers, microfilming, medical transcription, mail processing, recycling, order processing and assembly. Growth in the service sector is expected to continue with ongoing Federal reorganization.

Double-edged sword of acquisition reform. Acquisition reform has been a double-edged sword for the JWOD Program, as seen by the decreases in jobs for people who are blind manufacturing JWOD products and by the increases in service jobs for people who are blind and severely disabled. Because of its obvious social value, the mandatory status of the JWOD Program, as stipulated in FAR Part 8, has never been waived for purposes of acquisition reform and still applies to all purchases, including those under \$2,500 made with purchase cards. A recent Policy Memorandum (February 16, 1999) from Deidre A. Lee, Administrator for the Office of Federal Procurement Policy (OFPP) confirms the continued applicability of the JWOD

Program as a “mandatory source of supply for all entities of the Federal Government, with any payment method (including purchase cards) and at any dollar value.” A 1996 letter to the Committee Chairperson from Steve Kelman, former OFPP Administrator confirmed that “...the Administration has no plans to bypass the JWOD Program in conjunction with any other initiatives to test more flexible procurement approaches.” (Letter to Ira Kemp, Committee Chairperson, dated April 10, 1996).

## **JWOD INNOVATIVE SOLUTIONS**

JWOD answers the challenge. In the face of acquisition reform challenges, the JWOD Program has made significant efforts to find innovative solutions to the needs of its Federal customers and to find new opportunities for people who are blind or severely disabled. NIB, NISH and the nonprofit agencies have worked cooperatively with government agencies to determine how JWOD could make it easy for acquisition professionals to do the right thing by providing opportunities to people with disabilities while effectively meeting their customers’ needs.

Base Supply Centers. One benchmark JWOD innovation that resulted from such a partnership is the Base Supply Centers (BSC) initiative, a public-private partnership that both preserves existing work and generates new jobs for persons who have disabilities. The BSC Program also fulfills a significant need of the Federal Government. Under the initiative, nonprofit agencies that employ people with severe disabilities operate supply centers located primarily on military installations. Each BSC sells a wide range of office supplies and other products used by base personnel, with an emphasis on items furnished by nonprofit agencies under the JWOD Program.

The JWOD BSC initiative began because military installations hard hit by budget reductions and hiring freezes could no longer afford on-site supply centers. Through the BSCs, such installations obtain needed supplies in a convenient setting without using their own staffs or paying unreasonable prices. Taking advantage of the flexibility offered by the JWOD Program, military installations have entered into no-cost contracts and other agreements with nonprofit agencies approved by the Committee.

Furthermore, BSC operators employ people who are blind or have other severe disabilities in a demanding commercial-like environment. BSC employees treat Government personnel as valued customers, going the extra mile to provide the products and services they need. The initiative is expected to help BSC employees obtain competitive employment and financial independence. In addition, installation personnel benefit from the existence of a convenient place to purchase the high quality, fairly priced supplies they require to do their jobs.

Temporary administrative services. The *Road Ahead* is another example of an innovative

JWOD acquisition program that works through a public-private partnership to remove many of the barriers to office employment faced by persons who are blind or who have other severe disabilities. This temporary administrative services program helps fill critical Federal Government short-term staffing voids. By placing fully trained employees with severe disabilities into temporary administrative and support service positions in Federal agencies, the *Road Ahead* enables such individuals to obtain much-needed employment and on-the-job experience, with the goal of transitioning into permanent competitive positions. Most of the Federal customers have been hit hard by restructuring and hiring freezes, but through the *Road Ahead*, they can obtain the temporary administrative support necessary to carry out their missions, in a convenient and timely fashion and at fair market prices.

The *Road Ahead* is a partnership between JWOD and the General Services Administration (GSA). Through this relationship a Basic Ordering Agreement was created to allow Federal customers to streamline the acquisition process and obtain temporary administrative services in a matter of days.

The *Road Ahead* was launched nationwide nearly two years ago. Since that time a total of 276 temporary positions have been created totaling 287,000 hours of work for persons who are blind or who have other severe disabilities (NIB and NISH, 1999). Several participants were hired into permanent, competitive employment through their experience and exposure in the *Road Ahead* program. At the same time, twenty-five Federal agencies have been able to obtain quality, temporary administrative services through this initiative, with significant savings in terms of both the cost of that service and time conserved through the simplified acquisition process.

## **WHAT DOES ACQUISITION REFORM HAVE TO DO WITH PEOPLE WITH DISABILITIES?**

Leveraged use of Federal funds. Just as people with disabilities are supporting acquisition reform efforts, so does acquisition reform support the efforts of people with disabilities to become more independent. The only Federal funds that go to people with disabilities through the JWOD Program are wages and benefits paid by nonprofit agencies that sell high quality, reasonably priced supplies and services bought for use by Federal employees. Therefore, JWOD Program sales leverage Federal procurement dollars to provide a revenue stream that helps community based nonprofit organizations continue to provide jobs and training for people with severe disabilities.

JWOD share of procurement dollars. The combined sales for all JWOD services and products in Fiscal Year 1998 was \$836.2 million. Those sales represented 26.4 million direct labor hours at an average wage of \$6.81 per hour for individuals who are blind or have other

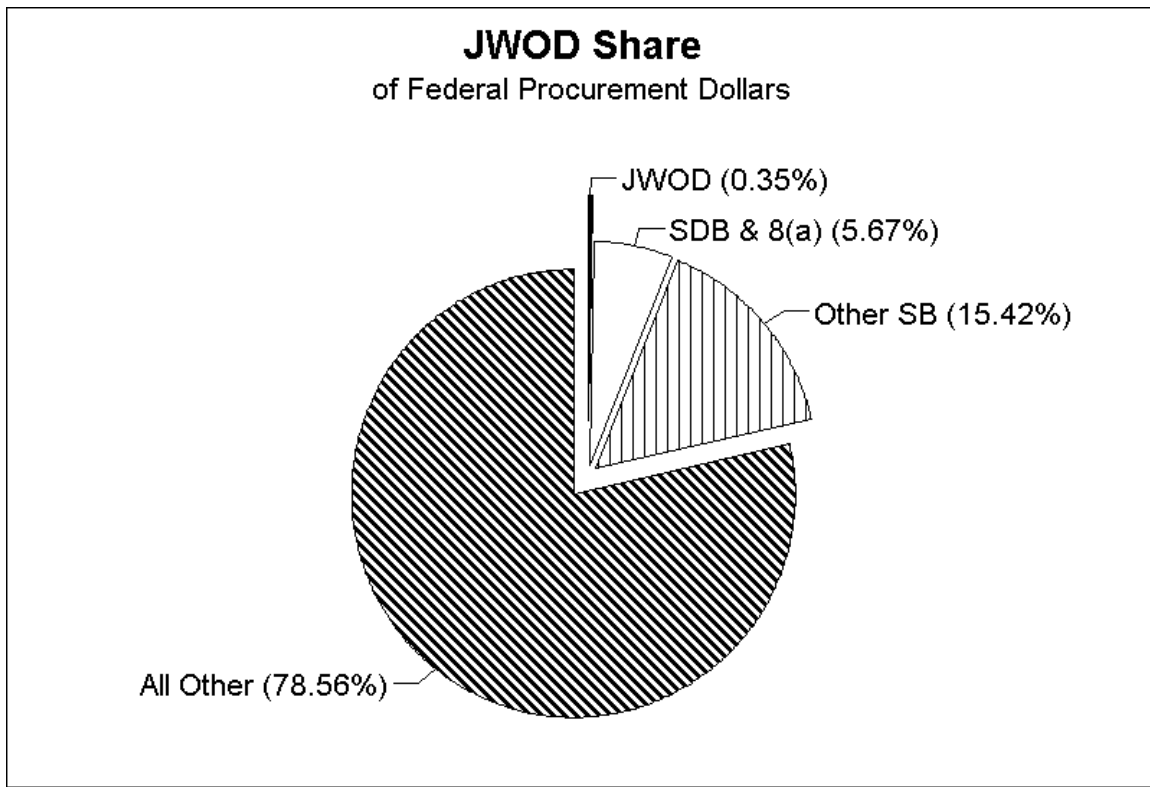
severe disabilities (Committee for Purchase from People Who Are Blind or Severely Disabled, 1999).

As shown in Figure 1, the FY97 JWOD share of Federal procurement dollars spent to benefit people with severe disabilities totaled less than one-half of one percent of Federal acquisition dollars, significantly less than all other types of contractors. In the U.S., people with disabilities comprise the largest minority group with an overall disability rate of 20.6 percent. People with a severe disability comprise 9.9% of the population (McNeil, 1997).

Federal procurement policy and social value. Using Federal procurement policy to further social values has long been common practice with programs to promote environmental standards, affirmative action, and minority and small business development. Under the JWOD Program, taxpayers hit the “jackpot.” When individuals gain access to job training that leads to employment, they often become less dependent on public assistance. JWOD employment allows persons with severe disabilities to go from being *tax-users* to taxpayers. In addition, taxpayers save on administrative overhead costs due to JWOD leveraging existing procurement and rehabilitation systems.

JWOD impact on government benefit programs. Results from a study recently conducted by NISH show that the JWOD Program provides best value for government customers who are reinventing the practice of doing business in search of “cheaper, better, faster and easier” means to deliver quality and cost efficient services and products (NISH, 1998). The study surveyed 270 people with severe disabilities who were working on JWOD custodial projects at eleven buildings operated by the General Service Administration’s (GSA’s) Public Building Service (PBS). The projects represented all GSA regions within the country and included projects with as few as seven employees to those with a maximum of 54 employees.

Figure 1–JWOD Share of Federal Procurement Dollars



Study methods. The study examined the impact that employment on the JWOD projects had on the individuals' receipt of government entitlements such as Social Security, Medicaid, Medicare, Welfare and Unemployment. In addition, the study further revealed the impact employment can have on the overall taxpayer base when people with disabilities become employed, taxpaying citizens. Survey participants were asked to complete a questionnaire administered by a trained survey instructor. The questionnaire asked people with severe disabilities if they had been receiving government entitlements prior to their employment on JWOD projects and, if so, how employment on JWOD impacted those entitlements.

Social security benefits. Seventy-four (74) percent of the survey participants who had been receiving Social Security benefits, either Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI), reported that their benefits were either reduced or discontinued after their employment in JWOD. The annual cost savings to Social Security as a result of employing 270 people with disabilities in the JWOD Program equaled \$359,355.

Medicaid and Medicare. In addition to cost savings to Social Security, the study also examined the impact that employment in JWOD had on Medicaid or Medicare benefits. The survey results concluded that 35% of the survey participants who had been receiving Medicaid or



Medicare benefits prior to employment in JWOD were able to discontinue their Medicaid or Medicare coverage after employment on JWOD. The result was an annual cost savings of \$295,491 to Medicaid and Medicare.

Unemployment compensation. The benefit study also examined the impact that employment on JWOD had on Unemployment Compensation. Forty-one survey participants reported that they had been receiving unemployment compensation prior to their employment on JWOD. Using compensation based on a work history of minimum wage, part-time hours and maximum duration of benefit, the study estimated that \$66,018 had been eliminated from Unemployment Compensation as a result of employment in JWOD.

Welfare benefits. Impact on welfare entitlements was the fourth element that the study examined. The results showed an 89% reduction in welfare benefits, which includes Food Stamps and Temporary Assistance to Needy Families, TANF (formerly AFDC). The annual cost savings in welfare as a direct result of employment in JWOD equaled \$194,220.

Payroll tax contributions. The study also calculated payroll contributions that are made to Social Security, State and Federal Income tax and contributions, if any, participants made to maintain their Medicaid or Medicare benefits. The annual payroll contributions made as a result of the 270 people working on JWOD Projects totaled \$1,048,124.

Results. Figure 2 shows the estimated \$1,963,411 positive economic impact to the overall taxpayer base by adding both the reductions and contributions made by people with disabilities working on the 11 custodial projects at GSA/PBS buildings nationwide.

Implications. The results of this study indicate that the JWOD Program effectively uses the massive purchasing power of the federal government on JWOD projects in all 50 States for over 33,000 people with severe disabilities to provide jobs that help lower dependence on public benefit programs and contribute to the overall tax base. These benefits of the JWOD Program are in addition to numerous other advantages that people with disabilities working under the program experience as they become contributing members of society. And, through JWOD, government employees receive quality, cost-effective products or services. Long term partnerships between community rehabilitation programs and Federal agencies are forged, and the resulting team approach secures the best value for dollars spent via outsourcing of services and manufacturing

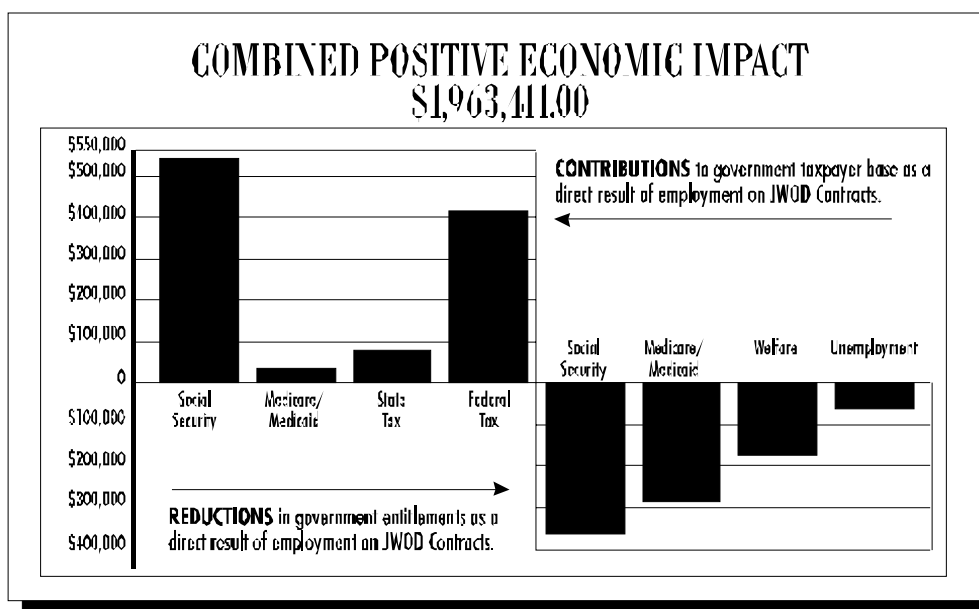


Figure 2. Positive Economic Impact

of products. In addition, with the assistance provided by NIB and NISH, early identification and expedient determination of nonprofit agency capabilities results in capable vendors right at start-up and with NIB and NISH's involvement, technical assistance to the nonprofit agency and the federal government is available at all phases of the contract.

## IMPLICATIONS FOR FUTURE RESEARCH

The NISH study provides preliminary evidence that the JWOD Program can have a much larger impact on the Federal budget than just the dollars spent by Federal agencies on JWOD products and services. Yet more research is necessary to determine how any costs of the program offset the positive economic impacts, such as additional costs associated with JWOD Program funding.

Future studies. To address the need to better understand the effectiveness of the JWOD Program, the Committee has undertaken a benefit/cost analysis designed to achieve a comprehensive, conceptual summation of the effects of the JWOD Program on various segments of U.S. society, including: individuals and the families of individuals who are employed under JWOD contracts, Federal government and taxpayers, and the rest of society. It is anticipated that the results of the study will provide additional quantitative and qualitative evidence that the program is a cost-effective vehicle for providing employment and training to members of the national work force who have severe disabilities.

The Committee's study is scheduled for completion by the end of FY99. Preliminary results indicate significant benefits to individuals with disabilities and the Federal government and minimum costs.

**IS BUYING JWOD REALLY THE RIGHT THING TO DO?** Yes! Acquisition professionals are under tremendous pressure to stretch fewer agency dollars farther. But, when they buy JWOD products and services they are doing the right thing by complying with the law, purchasing environmentally friendly products, and providing job opportunities for people who are blind or have other severe disabilities.

JWOD is making it easy to do the right thing. With over 33,000 individuals with disabilities receiving over \$179.9 million in wages in fiscal year 1998, the JWOD Program is worth the support of each and every Federal employee who spends taxpayer money on products and services. And, the JWOD Program will continue to be true to its mission of increased employment for people with disabilities by seeking ways to continue to improve the products and services it provides, to improve the delivery methods it uses, and to stress customer service at all levels so that our Federal customers know, IT'S EASY TO DO THE RIGHT THING—BUY JWOD.



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